

Preliminary information on payment adequacy for fee-for-service sectors

ISSUE: Each year MedPAC assesses the adequacy of current payments and develops an update recommendation for several of Medicare's fee-for-service sectors. In addition to assessing the relationship between Medicare's current payments and costs, the Commission uses information on five factors—changes in beneficiaries' access to care, supply of providers, volume of services, quality of care, and providers' access to capital—in evaluating payment adequacy. What do we know so far about providers' circumstances that may influence the Commission's recommendations for updating payments in 2006?

KEY POINTS: We will present preliminary information based on the most recent data available for select factors for hospitals (encompassing both inpatient and outpatient services), physicians, skilled nursing facilities, and outpatient dialysis centers. These include:

Hospitals

- Access to care and capacity of providers
- Volume of services
- Access to capital

Physicians

- Access to care

Skilled nursing facilities

- Access to care
- Supply of providers
- Volume of services
- Quality of care

Outpatient dialysis centers

- Access to care
- Capacity of providers
- Volume of services
- Quality of care

ACTION: Commissioners should review the preliminary findings in preparation for decisionmaking at subsequent meetings. Additional information on the factors affecting the adequacy of payments will be presented at the December meeting.

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